

 First Bancshares of Texas, Inc.

Statement of Condition

*Fourth Quarter Ended December 31, 2007*



## **Bank Directors**

**Michael J. Canon**

Chairman of the Board

**Kenneth L. Burgess, Jr.**

Chief Executive Officer & President

**Stephens T. Harper**

Vice Chairman of the Board

**Jay W. Isaacs**

President - Midland Market & Sr. Trust Officer

**J. Greg Burgess**

President - Amarillo Market &

Chief Lending Officer

**Brad D. Burgess**

President - Lubbock Market & Sr. Relationship  
Manager

**George H. Reeves**

Executive Vice President &

Chief Operations Officer

**David R. Quintanilla**

Executive Vice President &

Sr. Relationship Manager

**Brian J. Lucas**

Executive Vice President &

Sr. Relationship Manager

**John D. Bergman**

Oil & Gas Independent

**Cary Billingsley**

Independent Petroleum Engineer

**Stephen N. Castle**

Oil & Gas Independent

**Dr. David Daniel**

President, Midland College

**A. Scott Dufford**

Oil & Gas Independent

**H. Tevis Herd**

Attorney at Law

**Robert C. Leibrock**

Oil & Gas Independent

**Subodh I. Patel**

Hospitality Industry

**James W. Ramsey**

Petroleum Engineer

**C. Todd Sparks**

Vice President & CFO, Discovery Operating, Inc.

**Dr. James B. Welsh**

Physician

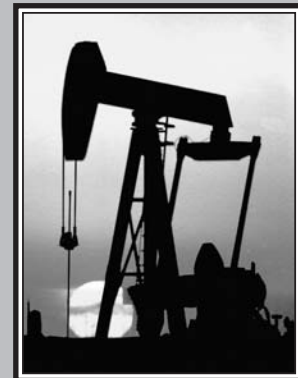
**Terry D. Wilkinson**

Investments

**F**irst Bancshares of Texas, Inc., headquartered in Midland, is the parent company for the First National Bank of Midland, which was chartered in November of 1998. First National Bank of Midland presently serves three markets in Texas. These markets are Midland, Lubbock (operating under the name of First Texas Bank of Lubbock), and Amarillo (operating under the name of First Bank of Texas).

The Permian Basin, High Plains and Panhandle regions of Texas are rich in natural resources, agricultural products and livestock. The markets we serve are home to industry, regional medical centers, universities, retail trade and one of the leading petroleum producing centers in the world. Our banking centers provide complete banking services to businesses, oil and gas producers, real estate developers and consumers, including Trust services, mortgage origination and more.

First Bancshares was originally formed with the vision of providing banking services in a highly interactive manner with our customers. We strive to know each and every one of our customers by name and to provide a high quality experience for our customers each and every time we are allowed to provide them service. This is the foundation for our slogan, "Banking the Old Fashioned Way".



## Financial Highlights

At and For the Twelve Months Ended December 31

	<u>2007</u>	<u>2006</u>	<u>Change</u>
	(In Thousands)		
Total Assets . . . . .	<b>\$ 242,915</b>	\$164,113	48.02%
Average Assets . . . . .	<b>201,320</b>	155,544	29.43%
Investments* . . . . .	<b>56,052</b>	61,158	(8.35)%
Loans, net . . . . .	<b>159,873</b>	84,608	88.96%
Deposits . . . . .	<b>216,333</b>	146,916	47.25%
Shareholders' Equity . . . . .	<b>21,847</b>	12,510	74.64%
Interest Income . . . . .	<b>13,417</b>	9,291	44.41%
Interest Expense . . . . .	<b>3,951</b>	2,142	84.45%
Net Income . . . . .	<b>\$ 1,729</b>	\$ 1,428	21.08%
Per Share Data:			
Net Income** . . . . .	<b>\$ 0.27</b>	\$ 0.33	
Book Value** . . . . .	<b>\$ 3.66</b>	\$ 2.88	
Ratios: . . . . .			
Return on Average Assets . . . . .	<b>0.86%</b>	0.92%	
Return on Shareholders' Equity . . . . .	<b>9.03%</b>	12.66%	
Net Interest Margin (tax equivalent basis) . . . . .	<b>5.13%</b>	5.10%	
Number of Shareholders (of record)** . . . . .	<b>247</b>	178	

\*Includes investment securities, interest bearing deposits and Federal funds sold

\*\*Data at the Bank holding company level. All other data shown is at Bank level.

## Balance Sheet

## First National Bank of Midland

(Unaudited Bank Subsidiary Only)

	December 31,	
	2007	2006
	(In Thousands)	
<b>Assets</b>		
CASH AND DUE FROM BANKS . . . . .	\$ 9,905	\$ 7,344
INVESTMENTS: . . . . .		
Municipal securities . . . . .	9,040	9,097
U.S. gov't agencies . . . . .	21,402	26,879
Mortgage backed securities . . . . .	20,518	24,893
Due from bank certificates of deposit . . . . .	—	—
Due from bank money market accounts . . . . .	4,015	—
Federal reserve bank stock . . . . .	514	289
Federal home loan bank stock . . . . .	363	—
TIB stock . . . . .	200	—
Total Investments . . . . .	56,052	61,158
FEDERAL FUNDS SOLD . . . . .	6,925	3,975
LOANS:		
Real estate . . . . .	71,277	34,910
Secondary mortgage . . . . .	4,511	2,642
Commercial, industrial, and agricultural . . . . .	79,237	45,220
Government entities . . . . .	543	—
Consumer . . . . .	6,250	3,033
Other . . . . .	29	44
Total Loans . . . . .	161,847	85,849
Less - Allowance for possible loan losses . . . . .	(1,974)	(1,241)
Loans, net . . . . .	159,873	84,608
BANK PREMISES AND EQUIPMENT, NET . . . . .	7,853	5,152
OTHER ASSETS . . . . .	2,307	1,876
<b>TOTAL ASSETS . . . . .</b>	<b>\$ 242,915</b>	<b>\$ 164,113</b>
<b>Liabilities &amp; Shareholders' Equity</b>		
DEPOSITS:		
Demand . . . . .	\$ 72,433	\$ 61,180
NOW Accounts . . . . .	20,744	17,843
Savings . . . . .	4,117	3,027
Time . . . . .	119,039	64,866
Total Deposits . . . . .	216,333	146,916
SHORT-TERM BORROWINGS		
Federal funds purchased . . . . .	—	—
Securities sold under agreement to repurchase . . . . .	3,859	4,064
Federal Home Loan Bank borrowings . . . . .	—	—
Total short-term borrowings . . . . .	3,859	4,064
ACCRUED EXPENSES AND OTHER LIABILITIES . . . . .	876	623
Total Liabilities . . . . .	221,068	151,603
SHAREHOLDERS' EQUITY		
Common Stock . . . . .	3,096	3,096
Surplus . . . . .	14,046	6,546
Retained earnings . . . . .	4,705	2,868
Total shareholders' equity . . . . .	21,847	12,510
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY . . . . .</b>	<b>\$ 242,915</b>	<b>\$ 164,113</b>

**Statement of Income**

For the Twelve Months Ended December 31

**First National Bank of Midland**

(Unaudited Bank Subsidiary Only)

	<u>2007</u>	<u>2006</u>
	(In Thousands)	
<b>Interest Income:</b>		
Interest and fees on loans . . . . .	\$ 10,787	\$ 6,346
Interest on investment securities . . . . .	2,429	2,413
Interest on Federal funds sold . . . . .	167	450
Other interest income . . . . .	<u>34</u>	<u>82</u>
TOTAL INTEREST INCOME . . . . .	13,417	9,291
<b>Interest Expense:</b>		
Deposits . . . . .	3,674	2,018
Short-term borrowings . . . . .	<u>277</u>	<u>124</u>
TOTAL INTEREST EXPENSE . . . . .	3,951	2,142
<b>Net Interest Income</b> . . . . .	<b>9,466</b>	<b>7,149</b>
Provision for possible loan losses . . . . .	<u>820</u>	<u>355</u>
<b>Net Interest Income After Provision For Possible Loan Losses</b> . . . . .	<b>8,646</b>	<b>6,794</b>
<b>Other Income:</b>		
Mortgage . . . . .	1,603	1,190
Trust, net . . . . .	171	106
Other income . . . . .	<u>702</u>	<u>502</u>
TOTAL OTHER INCOME . . . . .	2,476	1,798
<b>Other Expenses:</b>		
Salary and employee benefits . . . . .	5,005	3,655
Building occupancy expense . . . . .	1,331	1,190
Marketing expense . . . . .	277	173
Data processing expense . . . . .	224	200
Other employee expense . . . . .	272	199
Other operating expense . . . . .	1,255	950
Other expenses . . . . .	<u>265</u>	<u>189</u>
TOTAL OTHER EXPENSES . . . . .	8,629	6,556
<b>Income Before Income Taxes</b> . . . . .	<b>2,493</b>	<b>2,036</b>
Provision for income taxes . . . . .	<u>764</u>	<u>608</u>
<b>NET INCOME</b> . . . . .	<b>\$ 1,729</b>	<b>\$ 1,428</b>

## **Bank Officers**

**Michael J. Canon**

Chairman of the Board

**Kenneth L. Burgess, Jr.**

Chief Executive Officer & President

**Stephens T. Harper**

Vice Chairman of the Board

## **Midland Market –**

*(First National Bank of Midland)*

**Jay W. Isaacs**

President – Midland Market &

Sr. Trust Officer

**Brian J. Lucas**

Executive Vice President &

Sr. Relationship Manager

**Brad D. Bullock**

Executive Vice President & Compliance

**Tracy A. Timlin**

Sr. Vice President & Mortgage Division Manager

**Janene D. Binnion**

Vice President & Human Resources

Department Manager

**R. Kyle Clifton**

Vice President, Cashier & Controller

**Debbie K. Glennan**

Vice President & Branch Operations Manager

**Toby D. Payne**

Vice President & Relationship Manager

**Robin R. Richey**

Vice President, Secretary to the Board & Trust  
Administration Officer

**Lynne M. Sawyer**

Vice President & Credit Administration

Department Manager

**Veronica S. Pyle**

Banking Officer & Personal Banker

**Martin F. Ruehl**

Banking Officer & Relationship Manager

**Griselda Bujanda**

Banking Officer & Credit Operations Manager

## **Amarillo Market –**

*(First Bank of Texas)*

**J. Greg Burgess**

President – Amarillo Market &

Chief Lending Officer

**George H. Reeves**

Executive Vice President &

Chief Operations Officer

**Anita K. Fink**

Assistant Vice President &

Assistant Operations Manager

**Stacye M. Worthen**

Banking Officer & Branch Manager

**Dora M. Evans**

Banking Officer & Executive Assistant

## **Lubbock Market –**

*(First Texas Bank of Lubbock)*

**Brad D. Burgess**

President – Lubbock Market &

Sr. Relationship Manager

**David R. Quintanilla**

Executive Vice President & Sr. Relationship

Manager

**Patrick M. Irish**

Vice President & Relationship Manager

**Beverly R. Holland**

Assistant Vice President & Executive Assistant

**Raina Keneda**

Assistant Vice President & Executive Assistant

**Lisha F. King**

Assistant Vice President &

Branch Operations Manager



**FIRST  
NATIONAL BANK  
OF MIDLAND**

**Downtown**

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[www.fnbmidland.com](http://www.fnbmidland.com)

**Big Spring Branch**

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Midland, Texas 79705  
Tel. 432.682.1188

**North A Street Branch**

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Midland, Texas 79701  
Tel. 432.686.0044

**West Wadley Branch**

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Midland, Texas 79707  
Tel. 432.697.6424



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**First Texas  
BANK**

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